ANNUAL REPORT

FOR THE FISCAL YEAR ENDED
MARCH 31, 1982

Alberta
ECONOMIC DEVELOPMENT
ISSN 0229-8732

Alberta

ECONOMIC DEVELOPMENT

403/427-2134

Office of
the Minister

320 Legislature Building
Edmonton, Alberta, Canada
T5K 2B6

March 1983

Hon. Gerard J. Amerongen
Office of the Speaker
Legislative Assembly of Alberta
325 Legislature Building
Edmonton, Alberta
T5K 2B7

Dear Sir:

We have the honour to present the annual report of Alberta Economic Development for the fiscal year ended March 31, 1982.

Respectfully submitted,

Hugh Planche
Minister
Economic Development

Horst A. Schmid
Minister
International Trade

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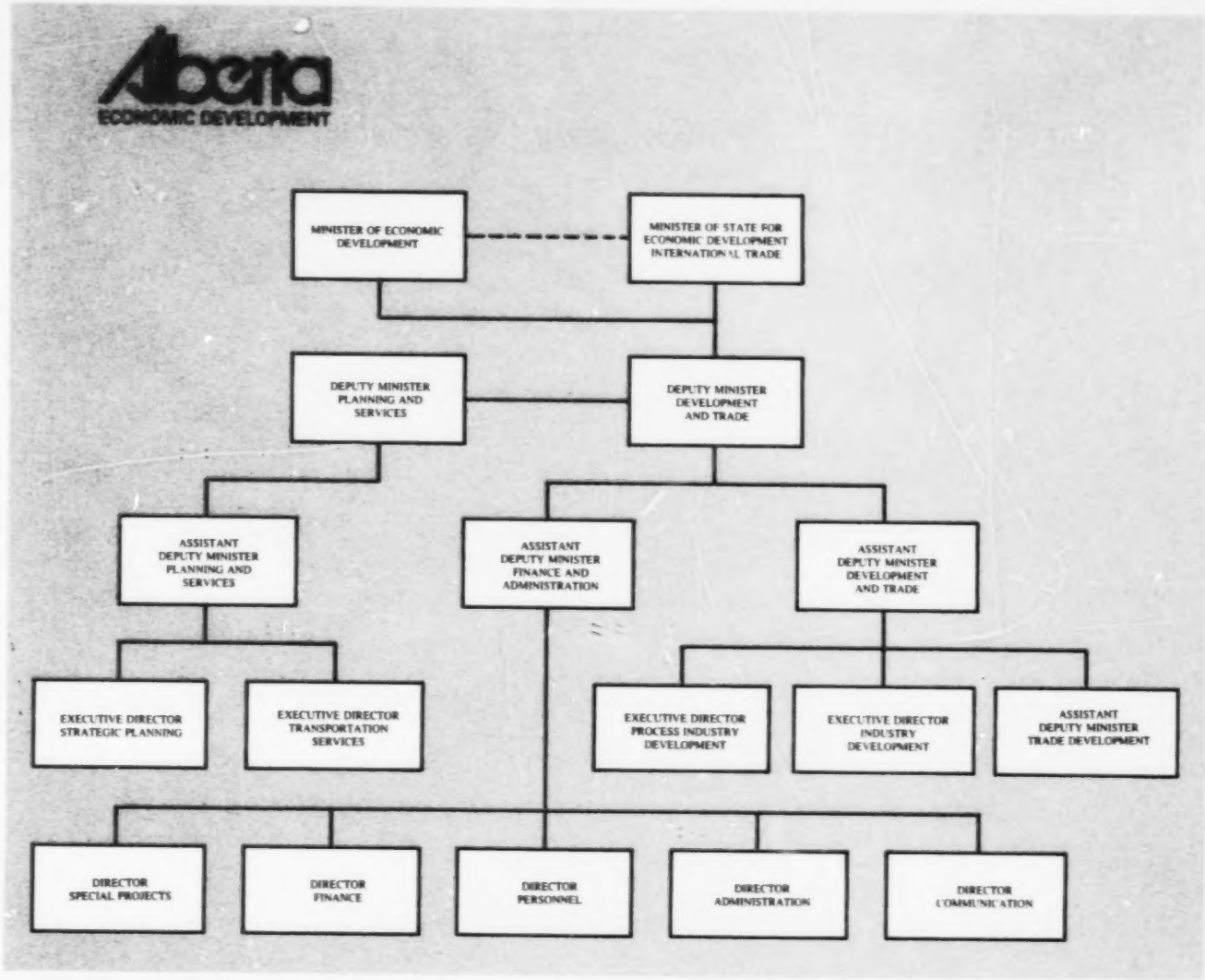
Organization Chart


Alberta
ECONOMIC DEVELOPMENT
MINISTER OF ECONOMIC DEVELOPMENT
MINISTER OF STATE FOR ECONOMIC DEVELOPMENT INTERNATIONAL TRADE
DEPUTY MINISTER PLANNING AND SERVICES
DEPUTY MINISTER DEVELOPMENT AND TRADE
ASSISTANT DEPUTY MINISTER PLANNING AND SERVICES
ASSISTANT DEPUTY MINISTER FINANCE AND ADMINISTRATION
ASSISTANT DEPUTY MINISTER DEVELOPMENT AND TRADE
EXECUTIVE DIRECTOR STRATEGIC PLANNING
EXECUTIVE DIRECTOR TRANSPORTATION SERVICES
EXECUTIVE DIRECTOR PROCESS INDUSTRY DEVELOPMENT
EXECUTIVE DIRECTOR INDUSTRY DEVELOPMENT
ASSISTANT DEPUTY MINISTER TRADE DEVELOPMENT
DIRECTOR SPECIAL PROJECTS
DIRECTOR FINANCE
DIRECTOR PERSONNEL
DIRECTOR ADMINISTRATION
DIRECTOR COMMUNICATION

Finance and Administration Division

Administration Branch
Finance Branch
Personnel Branch
Communication Branch
Special Projects Branch

Finance and Administration Division

The responsibility of the Finance and Administration Division is to provide support to the department's two program divisions. This responsibility is undertaken by the division's five branches: Administration, Finance, Personnel, Communication, and Special Projects.

The division is also responsible for co-ordinating the department's legal requirements. Legal work related to contracts and legal opinions is sent to the Alberta Attorney General, where it is assigned to a lawyer for action.

Reports from the five branches are published on this and the following pages.

Financial statements of the department's budgetary estimates and expenditures are shown on the next page.

Administration Branch

The Administration Branch provides centralized electronic data processing (EDP), library and office support services to the department.

During the reporting period, projects undertaken by the branch's EDP systems group included:

- Development of a plan, for application throughout the department, for establishing EDP standards and policies, for defining systems requirements, and for acquiring hardware, software and data processing services.
- Development and extension of the federal/provincial BOSS (Business Opportunities Sourcing System), and making 22,000 enquiries through the system for private industry and government.
- Implementation of the Hopper Car Monitoring System.
- Provision of financial modelling and simulation software packages for departmental users.

The library continued to provide research information services to the department. Its collection includes approximately 3,000 monographs, over 300 periodical subscriptions, a complete set of Statistics Canada publications, and nearly 700 company annual reports.

A major library project undertaken in the 1981-82 fiscal year was the expansion of the bibliographical and informational database search services available to the department. The total number of databases now accessible through the library is approximately 150.

The office support services section was responsible for providing the department with accommodation, purchasing, mail and telecommunications, parking and other services. A word processing facility was established. In addition, the section worked with Alberta Housing and Public Works in relocating one of the department's branches and in accommodating the expansion of the space used by another branch.

Finance Branch

The Finance Branch provides centralized accounting, budgeting, and legal support services to the department. The branch also participates in short- and long-term financial planning. Specifically, its functions are to:

- Establish and maintain departmental accounting and budgetary records.
- Prepare annual departmental budgets, monitor expenditures throughout the fiscal year, and obtain alternative sources or additional funding when the need arises.
- Process grants, employee expense accounts and vendor accounts for payment; ensure compliance with the Financial Administration Act and other government acts and regulations.
- Co-ordinate the department's legal requirements by providing guidance and arranging for contracts and agreements.
- Develop and implement internal controls which advocate acceptable accounting practices.
- Provide recommendations, and implement financial policies and procedures established by the department's management committee.

Highlights in the implementation of these functions during the 1981-82 fiscal year were as follows:

- Departmental procedures were streamlined to effect the more timely payment of vendor accounts.
- The processes employed by the accounting section were examined and improvements implemented.
- Seven special warrants were prepared and approved:
  1) $171,000 for the implementation of the Motion Picture Development Program.
  2) $117,000 in financial assistance to Medic Expositions of Canada Inc. for the organization of a medical conference and trade show.
  3) $250,000 in additional funding for the Product Development Program to encourage private industry to develop new and improve existing products.
  4) $815,000 to support Alberta companies in the development of domestic and export markets for Alberta goods and services through organizing trade shows, exhibitions and sales missions.
  5) $60,000 for the Lethbridge Railway Relocation Project to cover costs associated with the development and sale of land.
  6) $14,000,000 for the construction of the Prince Rupert grain terminal through the purchase of participating debentures from Ridley Grain Limited.
  7) $200,000 to provide financing to Chembiomed Ltd. to commercialize patent discoveries in the field of blood technology.

Finance and Administration Division

Alberta Economic Development
Budget Estimates, Special Warrants and Expenditures
Classified by Vote and Sub-Program

	1981-82 Budget Estimates	Special Warrants	Fund Transfers	Expenditures for the Years Ending March 31 1982[b]	March 31 1981[a]
***VOTE 1 ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE**					
Sub-Program 1: Program Support					
Minister's Office – Economic Development	208,120	—	26,000	225,709	154,929
Minister's Office – International Trade	246,620	—	57,000	297,919	261,706
Deputy's Office – Planning & Services	157,200	—	17,000	171,455	151,498
Deputy's Office – Development & Trade	205,600	—	3,000	197,499	167,479
Finance & Administration	1,274,300	8,200	36,500	1,313,325	884,589
Total Sub-Program 1	2,091,840	8,200	139,500	2,205,907	1,620,201
Sub-Program 2: Planning & Services					
Assistant Deputy's Office – Planning & Services	118,000	—	12,800	129,604	82,036
Transportation Services Branch	2,066,625	—	135,900	2,168,545	1,480,163
Strategic Planning Branch	1,476,900	—	145,300	1,621,885	999,446
Total Sub-Program 2	3,661,525	—	294,000	3,920,034	2,561,645
Sub-Program 3: Development of Industrial Program					
Assistant Deputy's Office – Development & Trade	136,600	—	8,200	144,686	141,613
Industry Development Branch	2,248,500	421,000	(310,400)	2,114,010	1,285,342
Process Industry Development Branch	1,480,700	117,000	20,700	1,610,644	940,664
Total Sub-Program 3	3,865,800	538,000	(281,500)	3,869,340	2,367,619
Sub-Program 4: International Trade					
Trade Development Branch	2,789,500	806,800	103,000	3,510,319	2,472,528
International Offices	395,000	—	(75,000)	307,408	279,554
Total Sub-Program 4	3,184,500	806,800	28,000	3,817,727	2,752,082
Total Vote 1	12,803,665	1,353,000	180,000[c]	13,813,008	9,301,547
VOTE 2 FINANCING – ECONOMIC DEVELOPMENT PROJECTS					
Sub-Program 1: Railway Relocation					
Lethbridge Project	—	60,000	—	45,000	17,657,444
Total Sub-Program 1	—	60,000	—	45,000	17,657,444
Sub-Program 2: Grain Handling/Storage Facilities					
Prince Rupert Grain Terminal	—	14,000,000	—	10,737,235	—
Total Sub-Program 2	—	14,000,000	—	10,737,235	—
Sub-Program 3: High Technology					
Medical & Pharmaceutical	—	200,000	—	200,000	—
Total Sub-Program 3	—	200,000	—	200,000	—
Total Vote 2	—	14,260,000	—	10,982,235	17,657,444
Total Department	12,803,665	15,613,000	180,000	24,795,243	26,958,991

[a] The 1981 comparative figures have been restated where necessary to conform with the 1982 presentation

[b] Unaudited

[c] Transferred from the Salary Contingency Fund

Personnel Branch

At the conclusion of the 1981-82 fiscal year, the department's staff establishment was 209 man-years, broken down as follows:

	Man Years
Permanent and non-permanent salaried positions	193
Wages	7
Contract	9
	209

Highlights of branch activity during the reporting period included:

- Initiating and administering 55 competitions, plus entry level clerical and temporary recruitment.
- Reviewing and processing 64 classification requests.
- Administering and providing recommendations on 175 requests for sponsored staff development.
- Providing assistance and advice to management and supervisory staff on employee relations matters.
- Administering salary and wage operations, including the preparation and processing of all payroll documentation.

Communication Branch

The Communication Branch provides public relations services to the department. These services include communication consultation; organization of ongoing media relations, such as arrangements for press coverage, interviews, press releases, and response to press enquiries; preparation of audio-visual materials such as films, slide shows, and video tapes; and the production of publications, brochures, folders, posters, and reports for the department.

During the reporting period, the branch supplied communication support to Alberta participation in both domestic and international trade shows. A display unit incorporating participating Alberta companies under one provincial banner was provided for each show. Also, for each show, a brochure with company profiles was prepared as a handout, an advertising campaign was planned, and press releases were issued.

During the year the branch was also responsible for the production of printed material, pamphlets, booklets, and personnel biographies. Communication assistance was also provided for incoming missions and visitors. Company and company personnel biographies were prepared for outgoing missions.

Media requests were handled by the branch either directly or by facilitating access to information.

Special Projects Branch

The activities of the Special Projects Branch relate primarily to the satisfaction of the legitimate financial needs of Alberta companies, and the creation of a healthy environment which encourages and promotes industrial growth in the province.

The branch supplies in-depth examinations of individual businesses to the department, with particular reference to the financial needs of large and special projects.

The branch makes recommendations in response to requests for government financial assistance. In cases where government financing is approved, the branch is involved in the negotiation of financial agreements and in the implementation of approved assistance. During the reporting period, economic appraisals were conducted on 37 requests for financial assistance from individual businesses.

The branch makes recommendations to the government on policies and programs designed to stimulate development of specific sectors of the business community. Also, it cooperates with other departments in the formulation of government financing programs.

During the reporting period, major projects undertaken by the branch included:

- Acting as interim director in the establishment of the Alberta Motion Picture Development Corporation.
- Devising a plan for financing a major research and development project for a manufacturer of high technology electronic components.
- Negotiating arrangements for funding of a company engaged in research and development and in the manufacture of advanced technology products relating to the field of medicine.
- Participating in interdepartmental studies to identify the business financial needs of specific groups of people, and to propose means for satisfying those needs.

Development and Trade Division

Trade Development Branch
Industry Development Branch
Process Industry Development Branch

Development and Trade Division

The Development and Trade Division comprises three branches: Trade Development, Industry Development, and Process Industry Development. The division also maintains international offices in London, U.K.; Los Angeles and Houston, U.S.A.

The objective of the division is to assist in the economic development of Alberta by:

- Assisting in the development and expansion of Alberta companies;
- Stimulating new investment;
- Enhancing the performance of the various industrial sectors;
- Assisting Alberta companies to market their goods and services outside the province.

The division's Trade Development Branch assists the manufacturing and services sectors to expand trade outside the province by identifying specific export markets and projects, foreign joint ventures, and licensing opportunities. The branch's activities include the co-ordination of Alberta participation in national and international trade shows, and the organization of missions with Alberta firms to foreign markets. The branch also assists foreign trade missions and companies visiting Alberta or seeking information on the province.

The Industry Development Branch assists in the performance of Alberta industrial sectors, particularly those which have export potential. The branch concentrates on the development of the fabrication and construction, film, and manufacturing industries, and on the establishment of the province as a centre for research and high technology. Alberta industrial development opportunities are identified, and investment from foreign and domestic sources is encouraged.

The Process Industry Development Branch assists in the performance of the chemical, petrochemical, energy, food processing, forest products, and health care industry sectors. Emphasis is placed on industries which have opportunities for export development. Joint ventures and direct investment from both foreign and domestic sources are encouraged and assisted by this branch. Such assistance includes the organization and co-ordination of foreign investment missions to Alberta.

The reports which follow from these three branches include amplification of their objectives, as well as information on their activities during the reporting period.

Trade Development Branch

During the reporting period, the Trade Development Branch assisted Alberta manufacturers in generating over $200 million in export sales. The various sectors of the branch contributed to the participation of 169 companies in 19 trade expositions, generating sales potential of over $600 million. The branch organized and conducted 18 ministerial missions, in which 111 companies participated; 49 outgoing sales visits; and 120 incoming sales missions and buyer visits. Export projects with Alberta companies reached a new high of 224. Support for the participation of companies in various export activities was given through Market Development Assistance grants to 141 companies.

In total, during 1981, Alberta increased its share of Canadian export sales to 12.2 per cent from 10.8 per cent the previous year. This was the third consecutive year of increase, and exceeded the Canadian growth rate. In 1981, Alberta exported $9.44 billion of non-agricultural goods and services, an increase from $7.98 billion in 1980. These exports amounted to over one-fifth of Alberta's gross domestic product. The major exports were natural gas and crude petroleum, but their dominant position is being reduced by increases in processed goods. For example, export sales of fabricated machinery increased in 1981 by 166 per cent over 1980, for a record totalling over $600 million.

The branch is organized into operating sectors, reports from each of which follow.

Trade Expositions Sector

This sector doubled its participation in major overseas exhibitions from four to eight. The sector's program in general was diversified. It included participation in 10 expositions related to energy and seven to the manufacture of farm equipment. In addition, the sector participated in one clothing, one construction materials and equipment, and one recreation products exposition. Pre-show advertising was increased and a new exhibitors' brochure was developed. Actual sales on-site totalled $36,873,879.

United States Sector

The United States is Alberta's largest market, importing 88.3 per cent of the province's export products, and during the reporting period, the United States Sector carried out a sales-marketing support program for a variety of Alberta manufacturers. In response to the needs of the oil and gas equipment industry, the sector participated in ministerial missions and sales visits to primary markets in Dallas, Houston, Billings, Great Falls, Williston, Casper and Denver. Several million dollars in actual and potential sales were developed. New trade exposition and sales mission markets were identified for follow-up in the 1982-83 fiscal year.

As an example of the variety of product sectors assisted, a Ministerial Mission to San Francisco supporting an Alberta engineering firm resulted in $705,000 sales of the firm's computer graphics services. Several joint venture programs were pursued, and the investigation of Free Trade Zone facilities in Florida and in Great Falls, Montana, was undertaken. To expand Alberta's influence and contacts in the Texas market, the department opened a new trade office in Houston. This has resulted in several major sales of oil and gas equipment.

Latin America Sector

This sector was involved in ministerial trade missions to Mexico and Argentina. In July 1981, 11 Alberta oil and gas industry firms accompanied the Minister to promote the sale of equipment and technology through participation in Expo Mexico '81. From this event, Alberta companies made actual sales of $10,250,000 and identified potential project sales of $20,030,000. As a result of marketing efforts during this mission, one Alberta firm has since sold processing equipment valued at $8 million to PEMEX, Mexico's national oil company.

Also in July 1981, 12 Alberta oil and gas industry companies and agricultural equipment companies were represented on a ministerial mission to Argentina. As a result of efforts during and since this mission, Alberta firms have made sales of $87,000 into Argentina, and have identified potential sales valued at between $146 and $176 million.

In addition to these missions, three trade delegations visited 1) Argentina, Ecuador and Peru, 2) Venezuela, and 3) Mexico. Nine Alberta firms participated in these delegations. Actual sales totalled $570,000, and potential sales of between $74.4 and $79.9 million were identified. One Alberta firm has since sold well stimulation chemicals valued at $495,000.

During the year, sector staff visited Barbados, the Dominican Republic, Jamaica, Mexico, Trinidad and Tobago, and Venezuela in an effort to promote the sale of Alberta goods and services.

In addition to outgoing trade missions and delegations, incoming buyers' visits relating to petroleum and agriculture industries brought business and trade representatives to Alberta from Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Trinidad and Tobago, and Venezuela.

People's Republic of China Sector

In March 1982, the Province of Alberta participated in the first petroleum exhibition and conference ever held in China. Ten Alberta companies were also represented.

Discussions were continued with the Daqing Oilfield for a technical exchange program involving the Alberta Oil Sands Technology and Research Authority and Daqing as part of the Heilongjiang/Alberta Protocol Accord.

Preliminary negotiations were conducted with the World Bank in Washington, the Daqing Oilfield in China, and the Export Development Corporation (EDC) in Ottawa to negotiate Canadian parallel financing for an oilfield development plan in the Daqing Oilfield.

Europe/Middle East/Africa/USSR Sector

The sector participated in six ministerial missions which visited the following countries: Austria, Bahrain, England, Finland, France, Germany, Hungary, Iraq, Italy, Morocco, Nigeria, Qatar, Romania, the Soviet Union, Sweden, and Yugoslavia. Representatives from 35 Alberta companies, as well as Alberta Government personnel, participated in these missions. Actual sales made during and as a result of the missions totalled $51.7 million. Potential sales of $500 million were identified.

The sector also participated in a special project to identify potential sales of Alberta forest products in Europe and the Middle East. The project team included personnel from private industry as well as from Alberta Economic Development. Potential sales in excess of $200 million a year were identified.

In addition to outgoing missions, 54 buyers' visits were made to Alberta from overseas countries. These were concerned with Alberta's oil and gas industry products as well as with agricultural and forest products.

Pacific Asia Sector

In October 1981, the sector co-ordinated and organized a ministerial mission to Indonesia, Malaysia, and the Philippines. The mission consisted of 11 companies whose main objective was to promote Alberta equipment and expertise in the oil and gas industry. The mission assisted in creating sales of $300,000 and in identifying potential sales of $5 million.

The sector also co-ordinated and organized a pipeline industry trade mission as a follow-up to a ministerial mission to the states of Western Australia and South Australia. The purpose of the mission was to further increase awareness in the Australian public and private sectors of Alberta's expertise in this industry, and to foster Alberta participation in pipeline construction projects in these two states.

Alberta companies also participated in two oil and gas exhibitions in the Pacific Asia area. In November 1981, 12 Alberta companies participated in a display at the Petroleum Technology Australia '81 Exhibition and Conference in Perth, Western Australia. On-site sales totalled $608,000, and potential sales of $102 million were identified.

In February 1982, 20 Alberta companies participated with the sector in Offshore South East Asia '82 in Singapore. This was the third year of Alberta's participation in this exhibition and conference. On-site sales totalled $7,428,000, and potential sales of $109.8 million were identified.

Marketing Services Sector

A ministerial mission to St. John's, Newfoundland, by 10 Alberta companies, identified and established trade opportunities in the supply requirements for offshore drilling. Immediate sales totalled $840,000, and potential sales were identified worth $8,180,000. One joint venture and four distributor arrangements were concluded.

A trade delegation to Halifax, Nova Scotia, by 13 Alberta companies, developed trade opportunities in the supply requirements for offshore drilling. Immediate sales totalled $150,000, and potential sales were identified worth $3,815,000. Five distributor arrangements were concluded and two joint venture opportunities identified.

International Finance Sector

Assistance was provided to Alberta companies in assessing information from and liaising with various agencies and international financing institutions. These included the World Bank, the United Nations, the Inter-American Development Bank, the Canadian Export Development Corporation, and the Canadian International Development Agency. On several projects, the sector worked closely with private companies to prepare and negotiate applications.

Projects undertaken in conjunction with the Export Development Corporation included the supply of building products to Malawi and Nigeria, and the supply of oil and gas equipment to Peru and Venezuela.

Assistance by the World Bank was used to supply oil and gas equipment to China and India, and to supply water well drilling equipment to the United Nations for use in Africa and other areas.

Missions Co-ordination Sector

During the reporting period, the sector co-ordinated visits to Alberta by 119 incoming buyer missions. These missions are designed to give incoming buyers the opportunity to see first hand the capacity and capability of Alberta manufacturers, service companies, consultants, research facilities, and training and educational institutes.

International Offices

The branch maintains three international offices: in the United Kingdom, in Alberta House, London; in the United States, in Los Angeles, California, and in Houston, Texas.

London, U.K.

The branch's section in Alberta House was active during the reporting period in pursuing industrial development opportunities for Alberta companies. The section provided assistance in various trade promotion activities, including Alberta participation in trade expositions; and counselled Alberta companies visiting the region covered by the London office.

Los Angeles, U.S.A.

This office conducted assessments in various market sectors in the western United States to relate the availability of Alberta products to local needs. The information was disseminated to Alberta companies.

The office also contacted potential investment partners for Alberta industry, and assisted Alberta companies with itineraries and information for sales visits to the area.

Houston, U.S.A.

The Houston office was officially opened in February 1982 by Horst A. Schmid, Minister of State for Economic Development – International Trade. During the few weeks remaining to the end of this reporting period, the office began contacting civic and state authorities, and business organizations, to familiarize them with the office's function as an agency representing Alberta.

The office also promoted Alberta trade investment and tourism, and assisted Alberta company representatives visiting Texas.

Industry Development Branch

The objective of the Industry Development Branch is to enhance to the maximum possible extent the activities of these sectors of business and industry in the province: fabrication, manufacturing, high technology, engineering consulting, process construction, motion picture film, and professional services. To this end, the branch:

- Identifies, counsels, and otherwise assists individuals and companies in establishing new businesses and industries in Alberta, and similarly assists existing businesses and industries to prosper and expand.
- Encourages joint ventures, technology transfer, and investments between Alberta and domestic and foreign companies.
- Identifies opportunities for development and expansion of businesses and industries in Alberta.
- Proposes appropriate alternative development strategies, action policies, and programs which contribute as effectively as possible to the overall economic and social goals of the province.
- Implements, administers and evaluates the government's economic development programs as they affect the branch's areas of responsibility.
- Provides government with information on activities and needs in those sectors and business areas which are important to the government's decision-making process.
- Administers the government's industrial projects policy for major construction developments requiring government approval.
- Provides assistance to other branches of the department and other departments of government on matters pertaining to the business and industry sectors, the business aspects of scientific and engineering matters, commercialization of technology, and industrial science policy.

The branch's work is divided among four sections: Fabrication and Construction, Film Industry, High Technology, and Manufacturing. In particular, the branch concentrates its efforts on agricultural equipment, electrical/electronics, construction/engineering/procurement, film production, high technology/research and development, industrial marketing, metal fabrication, and service industries.

During the reporting period, branch personnel were involved in 2,516 meetings with companies and 560 visits to plants, 1,114 meetings with other departments of government, and 444 meetings with educational institutions and associations.

Branch personnel had input into approximately 25 proposed ventures with Alberta companies. Of this number, five were completed by the end of the fiscal year. These joint ventures provide increased employment and production in the manufacturing and engineering sectors of the Alberta economy.

Other major activities included:

- Delivery of presentations on the potential of Alberta's economic development to incoming foreign investment missions and groups, and to corporate executives from Finland, Hungary, Japan, Nigeria, Scotland, Singapore, Sweden, the United Kingdom, the United States, West Germany, and Yugoslavia.
- Participation in outgoing industrial investment missions to Australasia, Continental Europe, Scandinavia, and the United Kingdom.

Reports follow on activities of the branch's sections.

Fabrication and Construction Section

The section's work is divided among three units: Alberta/Canadian Content in Major Projects, Metal Fabrication, and Services.

Alberta/Canadian Content in Major Projects. This unit works with owners of major projects to maximize opportunities for input from Albertan and other Canadian engineering consultants and equipment manufacturers.

During the 1981-82 fiscal year the unit:

- Initiated the formation of a federal/provincial committee responsible for ensuring that the Alsands project utilized maximum Albertan and other Canadian content. The chairman and several members of this committee are departmental personnel. At year-end the unit was working with 42 major projects totalling $53.5 billion.
- Encouraged the development and diversification of the engineering and construction industries by continuing to liaise with foreign firms which have special capabilities and technology relevant to resource development projects.
- Acted as a catalyst for joint ventures.
- Initiated technical co-operation agreements.
- Worked toward extending the Alberta content policy into commercial projects by liaising with city officials, architects, developers, consultants, and commercial associations.
- Completed studies concerning equipment and material requirements for Alberta resource development projects.

Metal Fabrication. This unit's prime responsibility is the growth, expansion and diversification of the metal fabrication, machinery and transportation industry.

During the 1981-82 fiscal year the unit:

- Identified opportunities in the Major Projects area with the result that new and expanded manufacturing facilities were established in the province for such equipment as tanks, pumps, steel castings, and custom fabrication.
- Undertook studies to find opportunities for manufacturing companies to expand and diversify in the areas of oil and gas equipment, construction materials, and materials handling equipment.
- Continued development work with Alberta companies to help diversify product items such as pressure vessels, trailers, pumps, pipe fabrication and process equipment.
- Saw the completion of 15 joint venture/investment deals between foreign and Alberta firms.

Services. This unit counsels service company personnel such as engineers and business and electronic data processing consultants on how to export their services. This work includes the organization of seminars.

During the 1981-82 fiscal year the unit:

- Designed and prepared service company profiles for distribution to Alberta companies, engineers, geologists, and geophysicists. This information offers a new source of confidential data for the department.
- Increased efforts to obtain maximum benefits for Alberta manufacturers to participate in these military offset programs: New Fighter Aircraft, CP140 Aurora and Canadian Patrol Frigate.
- Increased efforts to obtain maximum benefits for Alberta manufacturers to participate in these company offset programs: Canadair, Northrop, and General Electric.
- Identified opportunities for Alberta manufacturers, and identified Alberta companies for inclusion in industrial development missions.
- Introduced incoming foreign businessmen to Alberta counterparts in order to facilitate joint ventures and technology transfers.

Film Industry Section

The section promotes the production of Canadian and foreign cinema and television films in Alberta and maintains contact with international film producers and production companies. The section assists producers conduct location surveys. During production, producers may use the section's office as a clearing house for permits and similar business, as well as to liaise with government personnel.

The section also provides counselling for Alberta filmmakers and offers a viable link to government for the graphic arts industry, photographers, weekly newspapers, and the recording industry.

During the reporting period:

- The "Alberta Locations Manual" was produced and distributed to motion picture producers worldwide.
- Two Canadian feature films were made in the Calgary area.
- Thirteen half-hour segments of a television drama series "Stony Plain" and the television comedy series "SCTV" were produced in Edmonton.
- Several large budget television commercials and several foreign productions were filmed in the province.
- A program involving education, on-the-job training, financing and marketing, was approved by Cabinet. Other branches and departments will be involved in this program.
- The Alberta Motion Picture Development Act was implemented, and section personnel, with personnel from the Finance and Administration Branch, formed an interim Board of Directors of the Alberta Motion Picture Development Corporation.

High Technology Section

This section assisted companies and public sector groups to research and develop high technology initiatives in cold regions, energy, telecommunications, materials and equipment.

The section undertook studies to determine appropriate mechanisms for encouraging the development of technology-intensive industry in Alberta. Venture capital initiatives were examined with a view to expanding the province's base in high technology industries. Initiatives to encourage Alberta industry to develop and commercialize new products and processes were also studied.

Manufacturing Section

The section's work is divided among five units: Agricultural Equipment, Plastics Processing, Electrical/Electronics, Industrial Marketing, Product Development Program.

Agricultural Equipment: The unit continued to support Alberta companies at farm shows and trade fairs, and to provide technical, financial and marketing assistance to individual manufacturers.

The "Farm Implement Buyers' Guide" was published and distributed to 125,000 farmers, distributors, dealers and agents in North America. A special effort was made to promote the sale of Alberta's agricultural equipment by distributing the guide in the northwestern United States.

Plastics Processing: Discussions were held with companies regarding plans to establish new manufacturing plants in the province. The Alberta Chapter of the Society of the Plastics Industry was formed to assist the industry.

Electrical/Electronics: Major developments for the province included a new electrical equipment plant, a new telecommunications equipment plant, and a major telecommunications research and development facility.

The unit assisted with the organization of a micro-electric development and application centre in Alberta. Work was begun with the electronics sector to organize an Alberta Electronics Industry Association.

Industrial Marketing: The industrial marketing unit worked with Alberta companies to improve their marketing programs and strategies. The unit was also involved in planning the Canada-wide Institutional Products Import Replacement Program. This program is being supported by a product show in Winnipeg in the fall of 1982.

Product Development Program: The unit assists Alberta manufacturers improve the design and quality of their existing products, or develop new and innovative products, by providing 75 per cent of the cost of product development to a maximum of $30,000 per project. The program, originally conceived as a jointly-funded program with Design Canada, was funded in 1981-82 solely by Alberta due to the unacceptability of the federal program proposal for the year.

The program has been well received by Alberta manufacturers, and the number of enquiries and applications for assistance increased dramatically during the reporting period. Seventeen projects were approved in 1981-82. Sixteen products are now in commercial production as a result of assistance provided in previous years.

Process Industry Development Branch

The Process Industry Development Branch completed its second year of operation within the Development and Trade Division during the 1981-82 fiscal year. The objective of the branch is to maximize the performance and development in Alberta of various industry sectors, consistent with the resources available, by:

- Providing guidance on site location, sources and use of financing, business planning, government regulations and services (federal, provincial and municipal), market data sources, technical and production problems, and resource information;
- Proposing alternative strategies for the development of key process industry sectors;
- Implementing and operating the Alberta Government's industrial development policy;
- Identifying opportunities, and stimulating action to realize these opportunities by encouraging new investment, both domestic and foreign, preference being given to joint ventures involving Albertans;
- Maintaining co-ordination and linkage between industry, investors, and the financial community;
- Developing marketing strategies, proposing programs, and identifying market demand factors for the process industry sectors;
- Providing assistance on industrial and technical matters to the Ministers, and developing policy advice on topics related to sector activities.

In pursuit of its objective, the branch was involved in these major projects during the reporting period:

- Promotion of Alberta petrochemical opportunities, and identification of related infrastructure needs, including a marine terminal.
- Participation in the assessment of the Brazeau Timber Development Area and in the project proposal competition designed to bring this area to commercial production.
- Assessment and analysis of the supply situation for natural gas liquids and, in particular, of proposals for field and straddle plant recovery of ethane.
- Provision of information and advice to those interested or active in Alberta business related to process industry sectors. This work encompassed the preparation of internal analyses and reports, and the supervision of consultant reports dealing with investment and development in process industry sectors.

The branch's work is undertaken by specialist sections which deal with the various process industry sectors. Reports from each of these sections follow.

Chemicals Section

During the 1981-82 fiscal year, this section:

- Identified 13 new chemical and petrochemical investment proposals for Alberta. Industrial development permits were granted for seven projects. The section advised companies on site selection and regulatory procedures.
- Provided information to foreign petrochemical interests through the presentation of a paper on Alberta Petrochemicals to the European Chemical Market Research Association. The section also conducted seminars in Japan and Korea for petrochemical companies interested in Alberta.
- In co-operation with the Transportation Services Branch, examined petrochemical terminal capacity on the West Coast. The section also participated in discussions with representatives of the British Columbia and federal governments which led to a tripartite agreement for the construction of a petrochemical terminal at Prince Rupert. The terminal is scheduled for completion by 1984.
- Helped resolve problems in the distribution of ethylene from Alberta Gas Chemicals' #2 Plant. Demand was exceeding supply.
- Made a detailed study of sites for major petrochemical plants.

Energy Section

During the 1981-82 fiscal year, this section:

- Made presentations to businessmen and visiting officials, both Canadian and foreign, seeking information on energy matters, including the National Energy Program, the Alberta Energy Agreement, and resource development.
- Arranged meetings between various Alberta coal companies and foreign investors seeking joint venture opportunities. A group of Japanese businessmen, visiting Alberta under the auspices of the New Energy Development Organization, was interested in sources of thermal coal, equity investment in the Canadian coal industry, and coal conversion research.
- Participated in the assessment and analysis of the supply situation for natural gas liquids in general, and of ethane supply in particular. Proposals involving field and straddle plant recovery of ethane were assessed, as well as the product's availability for petrochemicals.
- Evaluated three preliminary disclosures and two applications relating to coal mine development.
- Represented the department on three interdepartmental review committees.

Food Industries Section

During the 1981-82 fiscal year, this section:

- Assisted a number of food processing firms in Alberta, Eastern Canada, Europe and the United States to evaluate opportunities for establishing new food processing facilities in the province, and in expanding existing facilities. Commodities involved were biscuits, bakeries, frozen prepared foods, specialty and convenience foods, confectionery, and pet food. Presentations on opportunities in Alberta were made to potential investors who participated in incoming missions to the province, to firms visited outside Alberta, and to existing Alberta establishments. These presentations featured the findings of recent research projects undertaken in the food processing industry.
- Completed studies and assessment concerning: 1) development opportunities for biscuit and confectionery plants; 2) the significance and extent of the transportation/distribution advantages of locating food processing firms in Alberta compared with other provinces; 3) labor requirements in the Alberta food processing industry; and 4) development requirements for the meat packing and processing industry in Alberta.
- Expanded the Nutritive Processing Agreement to include: 1) financial assistance for research and development, 2) more flexible terms for certain geographic areas of the province, and 3) assistance for health care firms.

Forest Products Section

During the 1981-82 fiscal year, this section:

- Advised in the establishment of the Brazeau Timber Development Area and consulted with companies whose development proposals are to be submitted for provincial consideration.
- Provided assistance to companies considering forest product investment. This included initiation of a Lumber Inventory Financing Program through the Alberta Opportunity Company.
- Participated with other branches of the department in a marketing mission to Saudi Arabia to explore the potential for lumber exports.

Health Care Industry Section

During the 1981-82 fiscal year, this section:

- Previewed the pharmaceutical patent situation in Canada, and developed an Alberta position on compulsory licensing provisions in the Canadian Patent Act. The Alberta position is that the present situation can tend to inhibit the growth of research-oriented pharmaceutical and biotechnology industries in Canada.

- As part of the Interprovincial Health Care Opportunity Program, assisted in the preparation of the first directory of made-in-Canada health products.
- Participated in two major medical symposia and trade shows in Europe and the United States to identify new health care business opportunities; presentations were made to companies and industry associations on investment opportunities in Alberta.
- Assisted in making preparations for "Medic-Canada '83 – Towards the Year 2000", scheduled for Edmonton in May 1983. This is an international medical symposium and an exhibition of health care products which is being held in Canada for the first time.
- Provided liaison and advice to the Scientific Advisory Committee of MARIA (Medical Accelerator Research Institute).
- Assessed opportunities in the medical devices industry, and completed a preliminary evaluation of the fermentation industry for antibiotic production.

Industrial Promotion and Investment Section

During the 1981-82 fiscal year, this section:

- Conducted a national and international advertising program to promote investment in Alberta. The program yielded over 350 responses and enquiries from various parts of the world. It is anticipated that a number of these enquiries will result in visits to Alberta by potential investors.
- Made presentations to incoming missions of potential investors on the Alberta economy and investment opportunities.
- Evaluated proposals by potential entrepreneurs seeking investment funds, and presented these proposals for discussion and evaluation at group forums of investors.
- Referred potential investors to Alberta entrepreneurs seeking joint venture partners or other types of investment.
- Adapted the department's "Alberta Advantage" promotional program to provide information on Alberta to potential investors.

Marketing Section

During the 1981-82 fiscal year, this section:

- Provided information and advice to businesses interested in Alberta sulphur and coal, particularly for export.
- Sponsored the "Sulphur - 81 Symposium" in Calgary. This was the first symposium of its kind on sulphur.
- Participated with the federal and interested provincial governments in a joint study of international markets for thermal coal. A report on the findings was provided to the private sector.
- Assisted incoming coal missions from China, Denmark, Greece, Japan, Korea, the Philippines, Portugal and Switzerland. Participated in an exploratory mission to Israel, where prospects for additional sales of sulphur and future sales of thermal coal were identified.

Also during the reporting period, Chieftain Development Company Limited, Westcoast Transmission Limited, and the Alberta Government announced a project to assess the viability of a pipeline for coal methanol slurry. Such a pipeline could provide the means for moving coal and surplus natural gas to markets outside the province.

Planning and Services Division

Strategic Planning Branch
Transportation Services Branch

Planning and Services Division

The Planning and Services Division is responsible for research, policy planning, consultation, and negotiation in various areas related to the development of the province's economy. The division also acts as a catalyst, in the transportation area, to ensure the implementation of new projects.

The division's responsibilities are undertaken principally by its two branches: Strategic Planning and Transportation Services. In addition, certain policy research work is handled or co-ordinated at the divisional level by the office of the Assistant Deputy Minister.

During the reporting period, policy research programs into economic and transportation "futures" were commenced. "Futures" work involves investigation of longer term social and technological development in the world, and the threats or opportunities they may pose for Alberta. This research provides a data base for decision-making, and improves the likelihood that choices seen as good today will prove attractive in the future.

Also, policy research was commenced on the relationship of transportation and other types of infrastructure to the location and nature of economic development.

Activity in both branches during the fiscal year increased in line with the province's thrust to broaden its industrial base. Much of this activity involved interface with the federal and other provincial governments. The Strategic Planning Branch was also engaged at the international level on matters related to Canada's "contractual link" with the European Community, to trade policy, and to foreign investment.

The reporting period was the first full year of operation for the restructured Strategic Planning Branch with its three directorates: Futures Assessment, Economic Structural Analysis, and Development Priorities and Evaluation.

The Futures Assessment Directorate completed the first phase of a review of likely future threats and opportunities to the Alberta economy. This is intended to provide guidance on decisions concerning both near- and long-term development. The Structural Analysis Directorate worked on organizational and structural issues related to development, such as trade and federal/provincial economic questions. The Priorities and Evaluation Directorate continued to monitor and measure the progress of the economy, and to make assessments of individual industry and business sectors.

The Transportation Services Branch is responsible for making recommendations which will improve the present performance and future potential of all aspects of Alberta's transportation system. The branch is responsible for outlining ways to determine and facilitate improvements in the services provided.

Much of the emphasis of the branch's work during the 1981-82 fiscal year was related to improving, or finding alternatives to, existing bulk commodity transportation methods, including increased rail capacity and the feasibility of slurry pipelines. The development of better terminal facilities in Alberta and on the West Coast continued to be a high priority for a variety of commodities.

Branch activity encompassed passenger and freight services of all modes, providing advice to government, and acting as a catalyst for the introduction of service additions. Examples of the areas in which the branch was active included: the analysis of statutory freight rates for grain, the rationalization and relocation of railway branch lines, the performance of "third level" air transport services, and future options in rail passenger services.

Highlights of the work of these two branches are published on this and the following pages.

Strategic Planning Branch

The objective of the Strategic Planning Branch is to provide the planning direction required to implement the department's economic strategy. The responsibility of the branch is to look to the future and assess the threats and opportunities which await the provincial economy. Branch staff are responsible for examining the implications of these with respect to the province's strengths and weaknesses and, within the terms of the department's mandate, to advise on the best course of action, monitor policy implementation, and provide feedback on performance.

In respect to intra- and interdepartmental activities, the branch has three functions: to provide research assistance, to disseminate research information, and to co-ordinate services in areas where there is overlap between branches and departments.

The principal activities for which the branch is responsible are these:

Departmental Planning. The branch works with other branches of the department to produce annual and longer term statements on concerns that affect the department's mandate and goals. These statements, tied to specific work programs, help steer all branch efforts more precisely toward fulfilment of mandate and goals. They serve also as the first stage of the annual budgeting process.

The branch prepares briefing material for ministerial and deputy minister conferences, evaluates and develops provincial positions on federal and provincial economic programs, and makes recommendations for action.

Economic/Financial Analysis. The branch maintains a capacity to evaluate the financial status of proposed and existing firms and projects. This includes financial and cost/benefit analyses.

Research. The branch co-ordinates research activities and the management of the department's consultant policy.

Program Evaluation. The branch evaluates federal and provincial policies and programs as well as projects initiated by other branches. To effect this evaluation, the branch

represents the department on appropriate interdepartmental and federal/provincial committees.

Information Dissemination. The branch prepares and delivers business and economic information for and to the private and public sectors. This includes the processing of certain information requests, and the development of key publications and appropriate information systems.

Co-ordination of Departmental Policy and Positions. The branch co-ordinates departmental policy and positions on economic development issues, particularly on those that cross branch and division lines.

During the reporting period, the branch undertook these activities:

Trade Policy

- Co-ordinated the production of a paper on Alberta trade, and developed an Alberta position on trade in services.
- Developed a bilateral trade strategy for the government.
- Evaluated Canada/United States relations and their impact on Alberta, and provided information and analysis from Washington, DC, and Ottawa.
- Co-ordinated production of a paper on trade co-operation among the western provinces, and established a committee on trade promotion in the western provinces.
- Prepared an index of gas and oilfield equipment manufacturers, and reports on the relocatable shelter manufacturers' industry, the agricultural equipment manufacturers' industry, the specialty chemical manufacturers' industry, coal and sulphur shipments.

Foreign Investment

- Analysed approximately 100 foreign investment cases referred to Alberta by the Foreign Investment Review Agency.
- Formulated provincial positions on federal policy and procedural initiatives.

Consultant Studies

- Co-ordinated (1) "A Review of the Meat Industry in Alberta" to aid the effective development of the meat processing industry in Alberta, and (2) a two-volume "Manufacturing Opportunities Study" which examined opportunities and constraints in the oilfield equipment industry.
- Assessed the impact on the economy of Alberta, of a delay in oil sands projects.

Industrial Benefits

- Participated in the development of an industrial benefits policy pertaining to the Alsands project.

Development Priorities

- Prepared short-term investment outlooks for various sectors of the economy.
- Prepared an outline of the issues raised by the federal budget and their implications for the Alberta economy.
- Monitored and analysed the National Energy Program and the September 1981 Energy Agreement to define their effects on the Alberta economy and their impact on industry.
- Prepared a study on manufacturing opportunities for Alberta arising from resource developments and the co-ordination of similar studies prepared by other western provinces.
- Identified opportunities for regional and community growth and development.

Futures Activity

- Investigated strategic planning systems in Europe and Japan, and research and development planning in Japan.
- Established worldwide contacts on futures research, strategic planning, and research and development planning.
- Researched energy trends, microtechnology, and Alberta demographic trends to the year 2000.

Publications

- Published "Construction Projects List", "Alberta Exports", and "Alberta Profile" (in the Arabic, Chinese, French, German, Japanese, and Spanish languages as well as in English).

During the previous fiscal year, the Strategic Planning Branch was restructured to reflect the stages of the management process. This restructuring required the establishment of three directorates: Futures Assessment, Economic Structural Analysis, and Development Priorities and Evaluation. This reporting period, then, was the first full operating year for the restructured branch. Here are reports on the responsibilities and activities of the three directorates:

Futures Assessment Directorate

The directorate analyses, on a broad scale, possible changes outside Alberta in the areas of technology, demographics, individual behavior, and identifies threats or opportunities to economic and social development in the province. At the same time, the ability of Alberta to respond to outside threats and opportunities is studied by assessing the resource base and the economic and social situation that presently exists in the province. By combining the two sets of information – external forces and internal development and capacities – the directorate can construct alternative industrial development scenarios for the province.

Ongoing projects during the reporting period included:

- Investigation of various futures methodologies and models to determine their usefulness.
- Trend analysis of technical, demographic, and social changes.
- Liaison with institutions and individuals involved in futures research, including discussions with futures groups in Europe, Japan, and the United States.
- Development of an information base and of a conceptual framework within which alternative development strategies for the province can be examined.
- Evaluation of the effect of energy price increases on the structure and location of industry, and the capacity of the provincial economy to diversify.
- Preparation of discussion papers on energy, micro-electronics, and Alberta demographics.

Economic Structural Analysis Directorate

This directorate provides advice on which policies and organizational forms are most appropriate for a given objective. Areas of improvement to existing policies are considered from a provincial and federal/provincial perspective. These areas include government regulations, foreign investment, manpower and immigration, competition, and trade/tariff regulations.

Ongoing projects during the reporting period included:

- Participation in federal/provincial work groups on regulatory reform, and assessment of the recommendations of the Economic Council on Reforming Regulations.
- Analysis of foreign investment cases referred to Alberta by the Foreign Investment Review Agency, and development of provincial positions on federal foreign investment policy and procedural initiatives.
- Monitoring federal industrial strategies and assessing their impact on Alberta.
- Monitoring provincial economic strategies in such areas as manpower and Alberta's position as the gateway to the north, and determining their impact on Alberta.
- Development of petrochemical trade strategy.
- Co-ordination of an Alberta position on the General Agreement on Tariffs and Trade.
- Drafting an Alberta position on the Versailles Economic Summit for the federal government.
- Development of trade data in the service sector.
- Co-ordination of the department's position on export development plans.

Development Priorities and Evaluation Directorate

This directorate develops the detailed and quantitative measures necessary for the implementation of the government's economic development strategy, along with the data to evaluate how well the department and the economy are doing. The directorate feeds back information that enables the government economic strategy to develop over time, as conditions change.

Ongoing activities during the reporting period included:

- Investigation of economic activities required to offset the impact of megaproject delays.
- Evaluation of the infrastructure base of communities and regions, and development of programs to facilitate the diversification of industry; assessment of the economic potential of communities and regions and development of strategies for further economic development; and development of policies and programs to encourage balanced economic growth throughout the province and to diversify local economies.
- Encouragement of industrial activities directed toward the further processing of agricultural and forest resources in Alberta.
- Evaluation of focal points for economic development.

Transportation Services Branch

The responsibility of the Transportation Services Branch is to address matters relating to the provision and technology of transportation services in the province. Within this mandate, branch activities are directed at:

- Maximizing service-related and other benefits of transportation to Alberta industries and consumers;
- Ensuring that the cost of transportation and levels of service will encourage the growth and development of the Alberta economy, and satisfy shippers and travellers;
- Ensuring that the transportation system will encourage diversification of the Alberta economy;
- Encouraging innovation in the transportation system;
- Ensuring that adequate transportation capacity is available to users on an economic basis.

Key issues addressed during the 1981-82 fiscal year included the following:

Crow Rate Issue

Federal initiatives concerning the statutory freight rates on grain set forth what is defined as a comprehensive approach to deal with rail capacity problems in Western Canada. This approach calls for the federal government, the railways and the producers to develop a plan whereby each will share in future costs of providing added rail capacity.

Concurrently, the branch continued to provide background information to prairie farm groups and other interested organizations on a number of complex issues associated with the problem of statutory freight rates on grain. The work done by the branch is intended to assist the parties reach an equitable solution to the overall Crow Rate issue.

Prince Rupert Grain Terminal

Progress was made during the year on plans for a grain terminal at Prince Rupert. In October 1981, an agreement was signed under which the Government of Alberta promised $195 million of assistance to the consortium of grain companies concerned in the project. The province also agreed to participate in additional project costs over $260 million.

The consortium planned to reach a final decision on whether to proceed by the summer of 1982. If the project goes ahead, it is anticipated the terminal will be completed late in 1984. It is designed to handle 3.5 million tonnes of grain a year.

Coal Slurry Pipelines

Although the railways are, and will continue to be, major carriers for transporting Alberta goods and resource products to market, supplementary transport modes are being researched which can contribute to overall efficiency. This research has particular importance in the movement of thermal coal, because of the anticipated demand for this natural resource by domestic and offshore users within the next two decades. Alberta initiatives in this area are currently as far ahead as any in the world.

During the reporting period, a study was commissioned on the technical feasibility of moving coal from Hinton, Alberta, to Kitimat, British Columbia, by a water-based slurry pipeline. The study was commissioned as a joint project by Alberta Economic Development and Alberta Energy and Natural Resources. A final report of the study has been tabled in the Legislature, and has been distributed to coal companies, pipeline operators, and other interested parties.

Also, the branch and private industry are working together on an investigation into the feasibility of moving coal in a methanol-based slurry.

Petrochemical Port Facilities

In February 1982, the governments of Canada, Alberta, and British Columbia agreed to proceed with the development of a petrochemical terminal at Prince Rupert. The task of the Alberta Government in this agreement is to "ensure the selection of a developer and operator for the onshore facilities required to tranship the petrochemicals". Work has begun on this task.

The agreement was reached because it was recognized by all parties to it that existing port terminal facilities in British Columbia will not be able to accommodate the volume of petrochemical exports anticipated by 1985. Prince Rupert was identified as the preferred site for development of a major petrochemical terminal from both environmental and logistical aspects. The terminal is scheduled for completion by 1984.

Inland Port and Container System

A feasibility study was completed to determine if sufficient traffic exists, or could be generated, to warrant the establishment of an Alberta-based container distribution system. The study found that a new multimodal container service linking Toronto, Alberta, and Vancouver could be economically viable providing that a preferred rail rate could be negotiated.

A further study was initiated to determine the mechanics of the proposed distribution system and the operation of container terminals. This study involves a survey of potential system users, moving both domestic and export cargoes.

The results of all studies made so far have been encouraging. The next phase includes reaching agreement with the railways on rate and service levels, and identifying further issues to be resolved before implementation of the project can be further considered.

Transportation/Distribution Study Food Processing Industry

The study identified opportunities for:

- The establishment of a food packaging industry in Alberta
- Potential market expansion through the industry consolidation of shipments destined to new market areas.

These opportunities are being further pursued with industry, and a pilot transportation consolidation project is currently under study for producers in the Edmonton area. A second study, for southern Alberta producers, will be undertaken early in 1983.

Lethbridge Railway Relocation Project

In June 1981, the Canadian Transport Commission gave its approval for the relocation of the Lethbridge rail marshalling yards. The relocation, a joint project of the province and the City of Lethbridge, will allow the latter to modernize its downtown core.

Construction of the new yards, at Kipp-Coalhurst, was started by CP Rail in July 1981. Trackwork was completed in December 1982 and the yards are scheduled to be operational in early 1983.

Passenger Services

During the reporting period, several studies were undertaken on various aspects of passenger transportation in Alberta.

A study was made of "third level" air transport services. These operate at a local level and also feed regional and national carriers. The findings revealed that, using norms accepted across the country, a generally high level of "third level" air transport service is in place. The provincial government's policy was re-affirmed in which it provides airport facilities at no charge to users, and offers loan guarantees to service operators.

A preliminary study was completed of rail passenger service between Calgary and Edmonton. The study looked at the experiences of intercity rail services in other parts of Canada and in other countries, and examined existing and expected trends in travel between the two Alberta cities. The study concluded that a significant role could be played by a high-quality intercity rail service. More detailed studies were planned for the future.

The branch sponsored an analysis of the transcontinental passenger train options proposed by Travel Alberta in its negotiations with Transport Canada on the elimination, in November 1981, of over 50 per cent of Alberta's passenger rail service. The analysis showed that more up-to-date technology and practices could result in dollar savings comparable to those sought by making cuts in passenger service.

The branch continued to monitor developments in the province's bus industry. Emphasis was placed on monitoring the special industrial services being provided for the resource and construction sectors.

Abandoned Rail Branch Lines

In August 1981, a federal-provincial agreement was completed that will see the lands from abandoned railway rights-of-way gifted to Alberta. These lands previously accommodated CN and CP Rail branch lines. They will be held in the provincial land inventory for use in the future as transportation and utility corridors. In the interim they will be leased to neighbouring property owners.

Rail Capacity to the West Coast

In spite of the current economic downtrend, a significant increase in exports of Alberta resource products is anticipated within the next decade. In order to accommodate this growth, the basic rail infrastructure to the West Coast requires expansion.

POOR

QUALITY

ORIGINAL